

Message Text

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PAGE 01 NEW DE 04710 081526Z

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ACTION OPIC-06

INFO OCT-01 NEA-09 ISO-00 EB-07 AID-05 OMB-01 COME-00

TRSE-00 CIAE-00 INR-07 NSAE-00 FRB-03 H-02 /041 W

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R 081347Z APR 75

FM AMEMBASSY NEW DELHI

TO SECSTATE WASHDC 7977

INFO AMCONSUL CALCUTTA

LIMITED OFFICIAL USE NEW DELHI 4710

E.O. 11652: N/A (DECLASSIFY UPON RECEIPT)

TAGS: EFIN, IN

SUBJ: OPIC CONTRACT OF GUARANTY NO. 1396--MCNALLY

PITTSBURG MANUFACTURING CORP. (MCNALLY)

REF: STATE 071022

1. WE DISCUSSED MCNALLY BHARAT APPLICATION FOR DIVIDEND REMITTANCE WITH THE COMPANY'S MANAGING DIRECTOR, PRAN PRASHAD, AND THE MINISTRY OF FINANCE. AMCONGEN CALCUTTA ALSO DISCUSSED THE PROBLEM WITH THE RESERVE BANK OF INDIA BRANCH IN CALCUTTA WITH WHICH THE APPLICATION WAS FILED.

2. PRASHAD CONSIDERS THE DELAY TO BE NORMAL IN THIS PERIOD OF FOREIGN EXCHANGE DIFFICULTY AND DOES NOT BELIEVE THAT IT IS CONNECTED TO MCNALLY'S SPECIAL DIFFICULTIES (DILUTION OF EQUITY). HE NOTES THAT DELAYS OF UP TO 18 MONTHS AT THE CALCUTTA RBI BRANCH ARE NOT UNUSUAL.

3. THE MINISTRY OF FINANCE ONLY RECEIVES DIVIDEND REMITTANCE APPLICATIONS IN SPECIAL CIRCUMSTANCES AND HAS NOT RECEIVED THE MCNALLY APPLICATION. AT OUR REQUEST THE MOF IS ASCERTAINING THE STATUS OF THE APPLICATION WITH THE RBI IN BOMBAY. THE MOF ASSURES US THAT THERE IS NO CONNECTION

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BETWEEN THE DELAY IN THE APPROVAL OF THE DIVIDEND

REMITTANCE AND THE MCNALLY DILUTION OF EQUITY PROBLEM.

4. THE RBI BRANCH IN CALCUTTA HAS INDICATED TO THE CONGEN THAT THE CASE WAS REFERRED FOR APPROVAL TO THE RBI IN BOMBAY AND THE MINISTRY OF FINANCE WHICH DECLINE TO PERMIT THE REMITTANCE. THE RBI IN CALCUTTA INFORMED THE AMCONGEN THAT THE DIVIDEND REMITTANCE WOULD BE RECONSIDERED AFTER THE PRESCRIBED REDUCTION OF FOREIGN SHAREHOLDING IN THE COMPANY.

5. IN VIEW OF THE DIVERGENT REPORTS WE ARE NOT READY TO CONCLUDE THAT THE DIVIDEND REMITTANCE DELAY IS RELATED TO THE DILUTION PROBLEM. LONG DELAYS IN REMITTANCES ARE COMMONPLACE IN THESE TIMES, PARTICULARLY WITH RESPECT TO THE APPLICATIONS SUBMITTED TO THE RBI BRANCH IN CALCUTTA. UNTIL WE ASCERTAIN FROM THE MOF THE STATUS OF THE APPLICATION AND HOPEFULLY AN INDICATION OF WHEN THE DIVIDEND REMITTANCE WILL BE AUTHORIZED WE RECOMMEND THAT OPIC NOT TAKE ANY FURTHER ACTION.

6. OFFICIAL RATE OF EXCHANGE ON JANUARY 17, 1975 WAS \$1 EQUALS RS. 7.92 (SEVEN POINT NINE TWO) AND ON FEBRUARY 22, 1975, WAS \$1 EQUALS RS. 7.78 (SEVEN POINT SEVEN EIGHT).
SAXBE

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Message Attributes

Automatic Decaptioning: X
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Current Classification: UNCLASSIFIED
Concepts: LOAN GUARANTEES
Control Number: n/a
Copy: SINGLE
Draft Date: 08 APR 1975
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: greeneet
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
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Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
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Handling Restrictions: n/a
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Review Exemptions: n/a
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Margaret P. Grafeld
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To: STATE
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